WEST-WIDE ENERGY CORRIDOR)
PROGRAMMATIC ENVIRONMENTAL)
IMPACT STATEMENT.)

ORIGINAL

PUBLIC HEARING - AFTERNOON SESSION

Heard at the Elkhorn Conference Room
Holiday Inn Downtown
22 North Last Chance Gulch
Helena, Montana
October 27,2005
2:00 p.m.

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BE IT REMEMBERED, that the proceedings in the above-captioned matter was heard at the Elkhorn Conference Room, Holiday Inn Downtown, 22 North Last Chance Gulch, Helena, Montana, on the 27th day of October, 2005, beginning at the hour of 2:00 p.m., pursuant to the Montana Rules of Civil Procedure, before Laurie Crutcher, Registered Professional Reporter, Notary Public.

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MR. Powers: After we do the formal comment presentation, we'll turn that off, and we will open it up for a general discussion or questions about the EIS process, and we'll try our best to field them. If people want come back on formally later on, we can turn it back on.

So I'll call the first person, Ray Brush, Northwestern Energy. MT01

MR. BRUSH: Hopefully you'll be able to see the maps that I brought and placed on the easel over there in the far side of the room. My name is Ray Brush. I represent Northwestern Energy. I'm the manager of Regional Transmission Policy. Northwestern appreciates the efforts that the Department of Energy, Department of Agriculture, and the Department of Interior are doing to do this EIS, and help us get sited on federal lands in the eleven western states.

Northwestern is one of the largest suppliers of electricity and natural gas in the upper midwest and northwest, serving more than 617,000 customers in Montana, South Dakota, and Nebraska. Northwestern currently owns, and operates, and maintains approximately 7,000 miles of transmission, electric transmission, 50 KV and

above, and about 2,000 miles of natural gas transmission in Montana. So we're a significant player in the transmission game in the Montana area. We anticipate submitting written remarks as well as my oral remarks today.

Needs for the state of Montana, the way we see them, is that right now we have over 2200 megawatts of generation in our generation interconnection queue, and almost all of our transaction is committed today to existing resources. And so if new resources are added to the state of Montana, we're going to be experts somewhere. And so hence the need for corridors for more transmission out of Montana to meet the loads in the rest of the west.

Also our system is stability limited, which means when we lose a line, our response to that loss is very significant because we can lose load if we aren't careful. And the areas in which generation is planned to be located, in eastern Montana, we're looking at coal and wind, mostly coal development in this area; some coal up in the Great Falls area; and a lot of wind in central Montana.

And there are other transmission

providers in the state of Montana area also, Western Montana Power Administration, and the BPA and they also have generation interconnection requests on their systems. Up in the Glasgow area, for instance, there is about 500 megawatts of proposed wind generation in that area.

So you can see there is a significant need for new transmission in Montana, new corridors to meet those needs.

Some of the things we think we need to consider as we develop these corridors, one is compatible uses, what uses can we put within the different corridors, and to make sure that they go along with each other; and also make sure we don't rely too much on any one corridor, because of our reliability criteria here in the west. If we have more than one transmission line in a corridor, we have to look out for common mode losses of that transmission, and what effect that has on the ability to lose power in the state.

But with that, we also think corridors should be wide enough to handle multiple facilities. We realize how difficult it is to get facilities through Montana, and that places where we can build transmission are very limited,

because we have to use mountain passes to get through the mountains, and we have to look at other impediments to transmission.

There needs to be flexibility in corridors by designation. By flexibility, we mean not be so hard on having exactly one place. We have to be able to match up with jurisdiction changes, places like BLM, Forest Service, or State Lands, or private land. And we have to be able to coordinate all those corridors across those different pieces of land, so they match up into one consolidated corridor.

Also we should meet with state regulations, reporting with the Montana Facilities Siting Act, for instance. We also need to be sensitive to adjoining private property constraints, such as conservation easements, and visual impacts that might occur for private lands as we look at corridors on federal property.

We need to develop a streamlined process for facilities within designated corridors, so we don't have to go through a long EIS process we have to go through today, and hopefully go through a much shorter one, as Scott mentioned earlier in his comments at the starting of the meeting.

We expect this process to be an ongoing process, not just a one shot process such as we're going through today, but an ongoing process, and we expect we'll hopefully have the departments develop a process where we can add new corridors, and modify new corridors as the needs arise. As we move along in the future here, system requirements are going to change and system needs. Local growth may occur we don't expect. We need to be able to add new corridors.

Also the Act itself anticipates this will be an ongoing effort by federal agencies. Section 368(c) indicates that this will be an ongoing process, and work with utilities and other interested parties, and will be able to modify corridors and add new corridors. We expect this to be an ongoing process, and hopefully be a little more streamlined so we don't have to go through all of these public meetings, and we actually can have a process that we can work through.

The corridors we're talking about, hopefully selecting locations for corridors will help minimize the environmental impacts. We don't get away from them totally. We don't anticipate

that all of the corridors that we recommend will be utilized, because there are only going to be one or two projects that actually get built at any one time. So we'll only be using one corridor or several corridors together.

With that, I would like to talk about some of the corridors that we're doing. I'll go over by the map so I can read it. We will divide the transmission corridors we'd like to talk about into three groupings.

The first grouping are those corridors we really expect to develop, and we expect to develop them fairly soon.

The second grouping are ones that aren't as important to get developed today, but offer opportunities for the state of Montana to develop its resources; and they also include corridors that aren't necessary within our service territory, and so they may be developed by other parties.

The third set of corridors for electric transmission are those that have a lot of problems, a lot of environmental problems, and constraints with the land use. So as we move forward, that one will probably be the one least

likely to occur.

The first one I would like to talk about goes from the Townsend area, down through Dillon, all the way into Midpoint, Idaho, and this will help integrate new generation in Montana.

The second corridor is from Townsend, the same place. It goes over to Mill Creek over by Butte, and then south into Idaho.

The third one goes from Garrison, which is a BPA substation, located up just north of Deer Lodge by Garrison, Montana, and it comes down along this blue line, and then goes on into southeastern Idaho.

Another one is from Colstrip. There's a lot of generation being proposed in the Colstrip area. So we propose upgrading or adding new transmission from Colstrip all the way over to Garrison, which is the BPA sub, if that is needed.

Also looking in the Great Falls area for additional generation there, and so we're looking at Great Falls to Garrison, going along the existing 230 or 100 KV -- the 100 KV runs down through here, this red line -- and cross over to Garrison.

Another option would be to follow the

corridor for the existing 230 KV line over to the Ovando area, and going from Ovando back down into Garrison.

Also we're looking at how to get to Townsend from Great Falls. One possibility is to go down along the existing 230/100 KV corridor, and coming through the Helena valley over towards Townsend, which is south of Canyon Ferry.

Another option is to go along this corridor between Broadview and Great Falls, then drop down into Townsend just east of the Belt Mountains.

Our second tier, these are the ones that offer opportunities, but may not be developed the soonest. One is from Colstrip, going down to the Wyoming area. And this is a tie-in to some transmission projects that are occurring in Wyoming. One of those projects is from Wyoming down into Colorado. Another one is a Frontier project that you've probably heard about. They're planning to built transmission lines out of Wyoming to move about 12,000 megawatts to California.

Another one is one that goes from west of Billings, a substation we call Baseline, which

goes between Billings and Laurel, that goes down into northern Wyoming near a place called Frannie, right on the Montana/Wyoming border.

Also going north from Great Falls up towards Shelby, we expect that corridor to be developed. This is on the Montana/Alberta transmission line, and looking at a corridor right along through here for their transmission. Northern Lights is looking at a corridor that goes through this blue line here.

We also looking at the possibility of a 500 KV line that goes from Broadview, which is near Billings, up through Great Falls, and then goes over to Spokane. Where this line is currently drawn, and it says, "Rocky Mountain area transmission line," it won't get built here, or even recommended for this area. It goes right through the Bob Marshall Wilderness. We expect that line to go more along this line here that we've added, following red line up here to Hot Springs.

Then the last corridor is this one that goes from Ovando, over to Hot Springs, over to Spokane. And even if we were going to go down here and go through the Missoula area, is another

possible corridor for this area. There's a lot of land use constraints through here that are going to probably keep anything from getting built here in the near term.

And so what we view at Northwestern, the most likely corridors for transmission expansion are those that go south into Idaho, down through this one here, also going from southeastern Montana into Wyoming, are the most likely corridors for development in Montana.

I've not talked about any corridors going east out of Montana, and the main reason for that is when it gets into the Dakotas, they have the same transmission problems we have in getting out of Montana. They have constrained transmission. It's going to take a lot of transmission to get into the Twin Cities, which is really the load for that generation.

Other transmission projects, one thing I was asked to mention. These little dots along the border, those are entry points into the US from Canada. It's important that we keep consideration for corridors to those points, because there's a lot of generation development occurring in Alberta that wants to come into the US, and we need to

keep those options open for all of us.

And I did say that we're also a gas pipeline company, and this is a map showing our gas system. And what we plan to do in the future, as need for capacity in our transmission increases, is to parallel the existing gas transmission line, or what we call loop service, where we build ten, fifteen, twenty miles of line to relieve a bottleneck along the transmission line.

What we do is we put another gas transmission about 40 feet or so away from the current existing transmission line. It requires a wider corridor than what we currently have, we expect in the future to be expanding those corridors through Montana, so we would like to have those considered, because a lot of our pipeline is on federal land.

That concludes my comments.

MR. POWERS: Thank you, Ray. We have a member of the Montana House of Representatives here, Mr. Allen Olson, and I was wondering if you would like say anything, Mr. Olson.

UNKNOWN SPEAKER: He just stepped out to move his car. He'll be back.

MR. POWERS: A couple things that I forgot to mention. I did briefly touch on the website. It's up and running, it's current, it's going to stay current throughout this process. It's the best source of easy access information.

I want to just tell you briefly about the source of the map, because I don't want you to think it's something that it's not. All it represents are lines on a map that have been put there over the years as an expression of interest by a whole host of the utility folks around the west. And actually it was used for awhile by the Western Utility Group just to kind of raise the level of interest in this project, and express the need.

So with that, since we're waiting for Mr. Olson, we'll go ahead with the next person, Linda Bouck. MT02

MS. BOUCK: My name is Linda Bouck, and I am here today on behalf of Anaconda/Deer Lodge County. I would first like to thank the Department of Energy, the Forest Service, and the Bureau of Land Management, as co-lead agencies for hosting this meeting and starting the process of compiling information necessary for designation of

NorthWestern Energy